

SAVIAC Weighted-Incentive Fee Contract

Shock And Vibration Information Analysis Center

(SAVIAC)

● **SAVIAC**

- **Acts as clearing house on technical areas of shock and vibration for the DoD.**
- **Is operated by contractor for the Government.**
- **Is over 50 years old.**
- **Is funded by Navy, Army, Air Force, DoE, and DoD.**
- **Produces a monthly Newsletter, annual Shock and Vibration Symposium, Symposium Proceedings, and sponsors two peer-reviewed journals (Shock and Vibration (journal); Critical Technologies In Shock and Vibration).**
- **Performs Auxiliary Tasks under individual delivery orders.**

Symposium Locations

Symposium	Gov't Agency	Location	Date
66th	ERDC	Biloxi, MS	10/30-11/3
67th	NPS	Monterey, CA	11/18-22
68th	ATC	Baltimore, MD	11/3-7
69th	LFT&E	Minneapolis, MN	10/12-16
70th	DTTRA FC/Sandia	Albuquerque, NM	11/15-19
71st	NSWCCD	Crystal City, VA	11/11-15
72th	AFRL/MN	San Destin, FL	11/12-16
73rd	NUWC	Newport, RI	11/17-21
74th	NSWC/Crane & Spawar	San Diego, CA	Open
75th	NASA, Army, DoD, DoE	?????	Open
76th	?????	?????	Open

CORE TASKS

YEAR	1997	1998	1999	2000
Net Govt Costs	\$125,407	\$99,770	\$74,680	\$50,289
Symposium Location	Baltimore	Minneapolis	Albuquerque	Washington
Participants	439	321	368	340
Paid* Participants	283	192	244	257
Papers Presented	223	194	202	175
Auxiliary Tasks	\$1,693,949	\$341,254	\$17,917	\$0

* Symposium Fees - \$695 Early Registration, \$750 - Late Registration

Papers

	68th (Balt)	69th (Minn)	70th (Albu)	71st (Wash)
Unclassified				
Full Paper	134	148	137	121
Short Topic	17	10	23	5
Classified				
Limited	41	25	20	17
Confidential	29	11	15	32
Secret	2	0	7	0
Total	223	194	202	175

SAVIAC Core Contract - Incentive Fee System (Does Not Apply to Auxiliary Tasks)

**SAVIAC Balance
Sheet**

$$\mathbf{C + F = G + I}$$





- **SAVIAC (Core Contract) has two sources of income:**
 - **Direct Government subsidy - (G)**
 - US Army, US Navy, US Air Force, Defense Special Weapons Agency, National Laboratories (MIPRs to WES).
- **From sale of services - (I).**
 - Symposium attendance.
 - SAVIAC products.
 - Advertising.
- **SAVIAC has two types of expenses:**
 - **Costs for running Center, Symposium, etc. - (C).**
 - **Contractor's Fee - (F).**

SAVIAC Incentive Fee System

SAVIAC Balance Sheet

$$C + F = G + I$$

Objectives :

-  Create win-win situation.
-  Reduce G (Government Costs).
-  Increase I (Service to community).
-  Increase F (Fee - Reward Contractor).

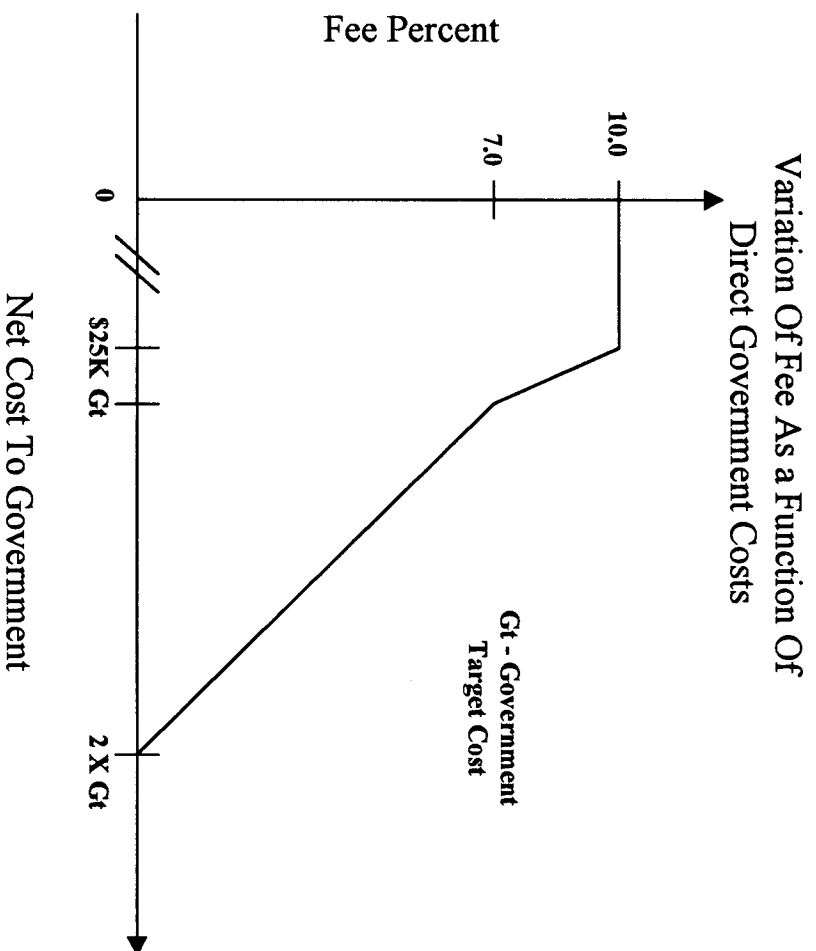
SOLUTION:

Since: $F = P \times I$

Make P: decrease with increasing G.



Figure 1

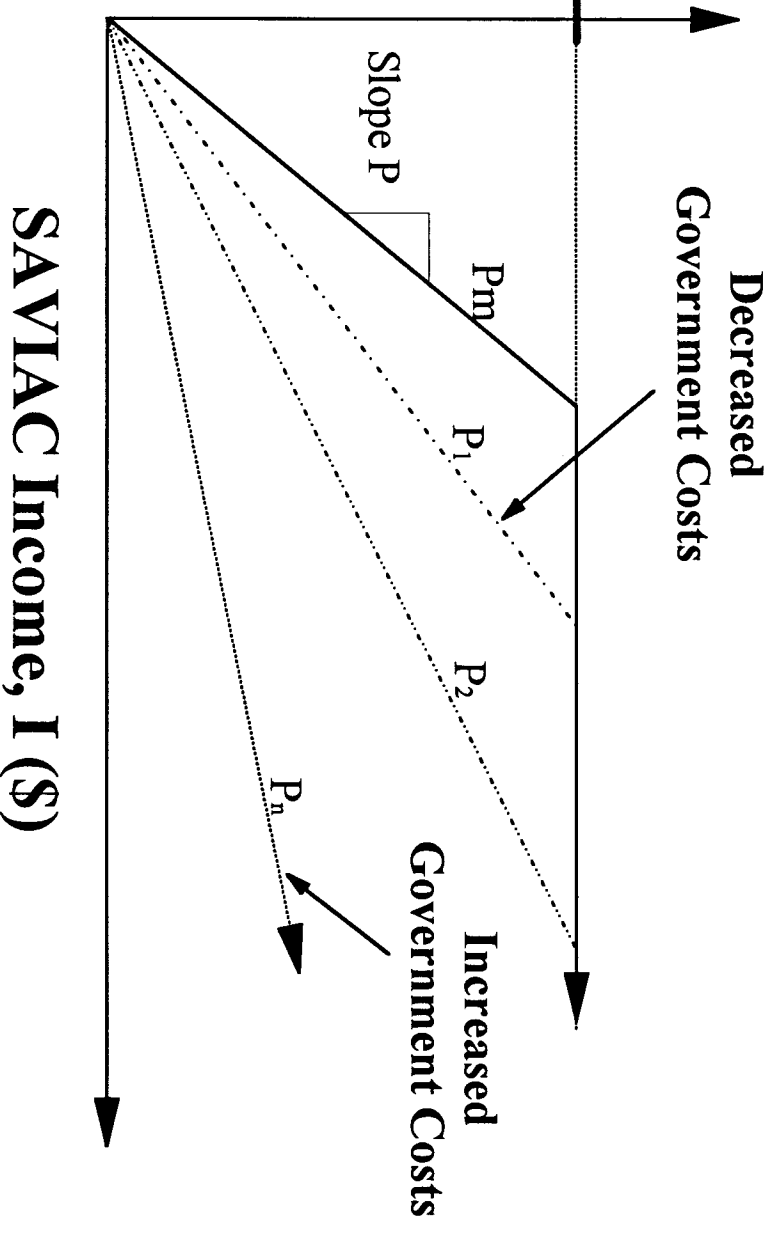


Contractor Fee For Several Government Costs As A Function Of Income

F - Contractor Fee
F_m - Maximum Contractor Fee
T - Contractor estimated costs
I - SAVIAC Income

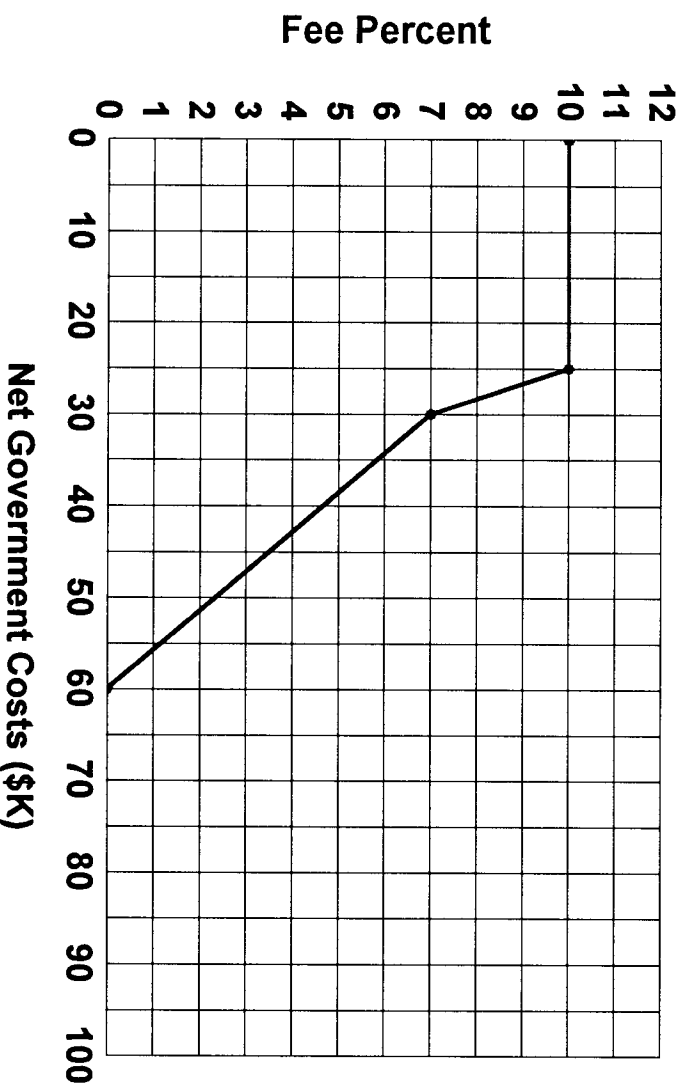
$$F_m = T \times 10\%$$

$$\text{Fee } F(\$) = P \times I$$



Incentive Fee (Percent) As A Function Of Net Cost To Government (G) - Specific Example

Variation Of Fee Percent As A Function Of Government Costs



Gt - Government Target Cost
=\$30K

Conclusions On Weighted-Incentive Fee Contract

- Contractor will increase his profits by:
 - "Growing" SAVIAC (increase goods and services to community).
 - Decreasing Government costs.
- Creates "win-win" situation.